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<http://www.state.ak.us/dec/home.htm>

**DIVISION OF AIR AND WATER QUALITY
AIR PERMITS PROGRAM**

**CERTIFIED MAIL NO.: Z 7099 3400 0016 8433 8731
RETURN RECEIPT REQUESTED**

January 8, 2002

Ms. Alice Bullington
Phillips Alaska Inc.
P.O. Box 100360
Anchorage, AK 99510-0360

Re: Modification of Owner Requested Limit for the Phillips' Meltwater Development Project, North Slope of Alaska, ORL No. 607ORL02

Dear Ms. Bullington:

The Department received your request on November 6, 2001 seeking modification of the owner-requested limit(s) for Phillips Alaska Inc's (PAI) Meltwater Development Project on the North Slope of Alaska. Based on the supplied information, your notarized certification, and a finding that your request meets the requirements of 18 AAC 50.225(b), the Department has decided to issue an approval of the limits requested in your application. The Department conducted a 30-day public comment period starting November 22, 2001 and ending December 24, 2001. Comments were received from Phillips Alaska Inc.

In order to ensure the protection of ambient air quality standards and increments, established in 18 AAC 50.010, the proposed limit(s) contained herein, shall apply only in the determination of Phillips Meltwater's potential emissions associated with: (1) the combined total volume of fluids transferred to the portable tanks, and (2) the total operating hours for the rig and construction camps IC engines and emergency generator.

You are not relieved of maintaining compliance with the applicable emission standards for fuel burning equipment or general prohibitions that apply to your facility. This includes the opacity, particulate matter, and sulfur dioxide standards in 18 AAC 50.055(a-c), and the prohibitions of 18 AAC 50.045, 18 AAC 50.065 (open burning), and 18 AAC 50.110. Included is a blank Excess Emissions Notification Form. Please copy the blank form and retain for future use.

The conditions contained within this ORL are imposed to ensure that the total potential emissions of Volatile Organic Compounds (VOCs) from all emission units, other than the nonroad engines that power the drilling rig do not exceed 100 tons per year.

This is a preliminary permit action for purposes of review under AS 46.14.200. A person who has a

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private, substantive, legally-protected interest under State law that may be adversely affected by the permit action, the owner and operator, or a person who participated in the public

comment process may request an adjudicatory hearing under 18 AAC 15.200-910. The request should be mailed to the Commissioner, Alaska Department of Environmental Conservation, 410 Willoughby Avenue, Suite 303,

Juneau, Alaska 99801-1795, by certified mail, return receipt requested. A copy of the request shall also be sent to the undersigned. The right to administrative review will be waived if no request for an adjudicatory hearing is served within 30 days of the date of this letter. Any hearing granted will be limited to issues related to the issuance of this Owner Requested Limit approval. If an adjudicatory hearing is thereafter granted, all ORL conditions remain in full force and effect.

Should you have questions regarding this action or other related matters, please contact me at (907) 269-7575.

Sincerely,

Cynthia Espinoza
Acting Supervisor, Air Operating Permits

Enclosure: Owner Requested Limit No. 607ORL02
Excess Emission Notification Form

cc: ADEC/APP, Anchorage/Robert Dolan
ADEC/APP, Juneau (File Copy)
ADEC/APP, Fairbanks (File Copy)
Laurie Kral, EPA Region 10, Seattle
John Pavitt, EPA/AOO

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**State of Alaska - Air Operating Permit Program
Owner Requested Limit**

FACILITY IDENTIFICATION:

No. 607ORL02

Owner/Operator:	Phillips Alaska Inc.
Facility Name:	Meltwater Development Project
Facility Address:	North Slope of Alaska (See Latitude and Longitude Coordinates)
City, State, Zip:	North Slope, Alaska
Latitude/Longitude:	Latitude 70° 03' 09.4" North / Longitude 150° 26' 57.2" West (NAD 27)
Facility Contact:	Steve Bradley/Glynn Jones
Phone Number:	(907) 659-7502

The above-named owner/operator has submitted a complete application for an owner-requested limit under 18 AAC 50.225(b) for the Meltwater Development Project. The Department grants an owner-requested limit to restrict the potential to emit of the facility to avoid the requirement for an operating permit under 18 AAC 50.325(b)(1) and to avoid the requirement for a construction permit under 18 AAC 50.300(c)(1). The Department certifies that the owner-requested limit is effective as of the date noted below.

In accordance with 18 AAC 50.225(f), the applicant has agreed to the conditions listed on the following pages.

The owner or operator may revise this limit under 18 AAC 50.225(h) by submitting a new request under 18 AAC 50.225(b). This limit remains in effect until the revision is approved. The owner or operator may terminate this limit according to the procedures of 18 AAC 50.225(h).

I understand and agree to the terms and conditions of this approval.

Owner or Operator

Printed Name

Title: _____

This certifies that on _____, (date) the person named above appeared before me, a notary public
in _____ and for the State of _____, and signed the above statement in my presence.

Notary Signature & Seal _____

My commission expires: _____

Department approval:

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Cynthia Espinoza, Acting Supervisor
Air Operating Permits

Owner Requested Limit Effective Date

CONDITIONS:

1. PAI shall limit the annual total volume of live crude oil collected in portable tanks to 3,950 barrels for all portable tanks combined.
2. PAI shall limit hours of operation on diesel to a combined total of 4,500 hours in any twelve calendar months for IC engines at the rig and construction camps.
3. PAI shall limit the annual hours of operation for the emergency generator to 200 hours.
4. PAI shall record the following information, when sending live crude oil to portable tanks, to monitor the venting of VOCs from the portable tanks.
 - a) Date and time that venting began and ended;
 - b) Event description (well name, type of activity, etc.);
 - c) Description of fluids introduced to the tank(s);
 - d) Volume of liquid accumulated in the tank(s);
 - e) Estimated percentage of live crude oil in the total liquid volume;
 - f) Estimated volume of gas vented
 - g) Estimated tonnage of VOCs vented; and
 - h) Operational comments and/or assumptions used for estimated volumes.
5. PAI shall record the monthly total live crude oil volume and VOC's vented beginning with the month when drilling operations begin. The volume of live crude oil transferred to the portable tanks shall be calculated as follows:
 - a) For well kick-off fluids, PAI shall draw samples hourly of the fluid and centrifuge to determine crude fraction, or shall use a strapping tape with water sensitive paste to determine crude fraction in portable tanks after transfer is completed;
 - b) For coil tubing clean-out fluids, PAI shall draw samples hourly of the fluid and centrifuge to determine crude fraction, or shall use a strapping tape with water sensitive paste to determine crude fraction in portable tanks after transfer is completed;
 - c) For portable test separator fluids, PAI shall draw samples hourly of the fluid and centrifuge to determine crude fraction, or shall use a strapping tape with water sensitive paste to determine crude fraction in portable tanks after transfer is completed.
6. PAI shall record the monthly hours of operation of IC engines at the rig and construction camps that are burning diesel and determine the combined total hours of operation using a 12-month rolling total.
7. PAI shall record the monthly hours of operation of the emergency generator and determine the annual hours of operation using a 12-month rolling total.
8. PAI shall annually provide a calculation of the predicted VOC gas composition for the next 12-month period. If the predicted VOC gas composition would result in emissions of VOCs from portable tanks of more than 95 tons per 12-month rolling average, then PAI shall request a lower rate of live crude oil

to portable tanks in order to keep VOC emissions from portable tanks at or below 95 tons per 12-month rolling average.

9. PAI shall annually report a summary of the monthly VOC emission levels from portable tanks, confirming compliance with Condition 1.
10. PAI shall annually report the total hours of operation on diesel using a 12-month rolling total for IC engines at the rig and construction camps, confirming compliance with Condition 2.
11. PAI shall annually report the total hours of operation using a 12-month rolling total for the emergency generator, confirming compliance with Condition 3.
12. PAI shall keep copies of reports and certifications required by this approval.
13. PAI shall provide written notice to the ADEC within seven days of changing drilling rigs. The notice shall be sent to the Alaska Department of Environmental Conservation, Air Permits Program, 610 University Avenue, Fairbanks, Alaska, 99709-3643.
14. PAI shall submit the annual compliance report to the Alaska Department of Environmental Conservation, Air Permits Program, 610 University Avenue, Fairbanks, Alaska, 99709-3643. The annual compliance report is due by February 15 of each year and shall cover the period for the preceding calendar year. The annual compliance report shall contain the certification statement listed in 18 AAC 50.205.
15. PAI shall report any excess air emissions or deviations from the air quality stipulations to ADEC no later than seven days after discovering the exceedance or deviation. To report the excess emissions, PAI must fax a completed and signed Excess Emission Notification Form to ADEC at (907) 269-7508. The Excess Emission Notification Form may be obtained from ADEC's web page at: <http://www.state.ak.us/dec/dawq/aqm/eeform.pdf>. Alternatively, PAI may submit the information listed on the Excess Emission Notification Form in a different format.
16. PAI is hereby advised that if any source in Table 1 below of this Owner Requested Limit is retained or planned to be retained on site and operated after the initial drilling is completed, PAI will need to inform the Department adequately in advance to secure any required construction or operating permit. Furthermore, in such event, PAI and the Department may need to examine whether or not such equipment will be aggregated with emissions from sources at Kuparuk Central Production Facility (CPF) #2 with respect to permitting requirements.

Statement of Avoided Requirement:

The potential to emit for the sources listed in Table 1 are reduced to less than 100 tons per year for any regulated air contaminant by limiting the total hours of equipment operation and volume of fluids transferred to the portable tanks. In accordance with 18 AAC 50.210, the capacity of the facility to emit an air contaminant is verifiable through the monitoring, record keeping, and reporting contained in this approval. By limiting the potential to emit of the sources listed in Table 1, the owner/operator is avoiding the requirement to obtain an operating permit by avoiding classification of the Phillips' Meltwater Development Project under AS 46.14.130(b), and 18 AAC 50.325(b)(1).

Table 1 – Source Inventory Subject to Limits

ID	Source Name	Source Description	Rating/size (not enforceable)
Portable Tanks (estimated number)			
1	T-1	Produced Fluids	562 Barrels
2	T-2	Produced Fluids	562 Barrels
Emergency Generator			
3	EG-1	John Deere Model NL445D1	54 hp
Construction Camp Engines (estimated number)			
4	CC-1	CAT 379 TA Generator	379 kw
5	CC-1	CAT 379 TA Generator	379 kw
Rig Camp Engines (estimated number)			
6	RC-1	CAT 379 TA Generator	379 kw
7	RC-2	CAT 379 TA Generator	379 kw
8	RC-3	CAT 379 TA Generator	379 kw
9	RC-4	CAT 379 TA Generator	379 kw

Excess Emission Notification Form

Please copy (retain blank copy for your records) and complete this form, fax to: State of Alaska, Department of Environmental Conservation, Division of Air and Water Quality, Air Permits Program, 555 Cordova, Anchorage, AK 99501, Fax: (907) 269-7508, Phone: (907) 269-7577. The permittee need not submit this exact form, as long as the information below is contained in the notification.

Company Name: Phillips Alaska Inc. **Application No.:** 607ORL02 **Facility Name:** Meltwater Development Project

Reason for notification:

☐ **Excess Emission** ☐ **Permit Condition Exceedence**

Event Information (Use 24-hour clock):

	START Time:	END Time:	Duration (hr:min):
Date: _____	_____:	_____:	_____:
Date: _____	_____:	_____:	_____:
		Total:	_____:

(A) Cause of Event (Check all that apply):

☐ **START UP** ☐ **UPSET CONDITION** ☐ **CONTROL EQUIPMENT**
☐ **SHUT DOWN** ☐ **SCHEDULED MAINTENANCE** ☐ **OTHER** _____

Attach a detailed description of what happened, including the parameters or operating conditions exceeded.

(B) Sources Involved:

Identify each Emission Source involved in the event, using the same identification number and name as in the Permit. List any Control Device or Monitoring System affected by the event. Attach additional sheets as necessary.

Source ID No.	Source Name	Description	Control Device
_____	_____	_____	_____
_____	_____	_____	_____

(C) Emission Limit and/or Permit Condition Exceeded:

Identify each Emission Standard and Permit Condition exceeded during the event. Attach a list of ALL known or suspected injuries or health impacts. Attach additional sheets as necessary.

Permit Condition	Limit	Exceedence
_____	_____	_____
_____	_____	_____

(D) Emission Reduction:

Attach a detailed description of ALL of the measures taken to minimize and/or control emissions during the event.

(E) Corrective Actions:

Attach a detailed description of ALL corrective actions taken to restore the system to normal operation.

Based on information and belief formed after reasonable inquiry, I certify that the statements and information in and attached to this document are true, accurate, and complete.

Printed Name: _____

Signature: _____

Date: _____